



# Barriers to Technology Innovation in Malawi

What do the Numbers Say?

Wiza Jalakasi • National ICT Innovation Forum • October 2017



ICT Association of Malawi  
(ICTAM)



# About Me

- 8 years experience tech entrepreneurship in Malawi, Kenya and Tanzania
- Co-founded 3 startups: 1 VC-backed; 2 failed, 1 succeeded
- Business Development Lead at Africa's Talking, portfolio of operations in Malawi, Tanzania and Nigeria

@wizaj




+265 999 563 706 | wjalakasi@gmail.com



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<http://wiza.jalaka.si>



# US\$ 366.8 mn

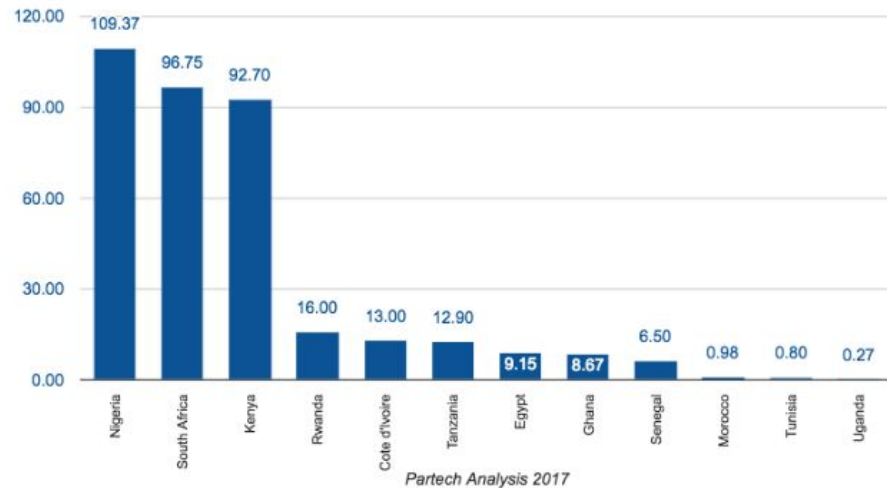
# MWK 266.39 bn

Total VC funding raised by African tech startups in 2016

Source: Partech Ventures



Total US\$ Amount invested per country in 2016





Let's put this number in context...

# MWK

# 266.39 bn >



- Illovo Sugar Malawi Profits - June 2017 (K7.1 billion)
- Sunbird Hotels Half Year Revenue - September 2017 (K8.9 billion)
- MRA Revenue Collections - October 2016 (K71.8 billion)
- Ministry of Health Budget 2017/18 - May 2017 (K147.6 billion)



**US\$ < 0.1 mn**  
**MWK < 73.00 mn**

Total VC funding raised by Malawian tech startups in 2016

Source: Disrupt Africa



Malawian technology startups only received

**0.0273%**

of total funding that went to African tech startups

| [Malawian music streaming startup Mvelani raises \\$57k](#)



BY TOM JACKSON ON MARCH 17, 2016

Malawian music streaming startup Mvelani has raised US\$57,000 in funding from an angel investor which it will use to launch mobile apps and expand to Nigeria.

Malawian tech startups  
are not growing, even  
though...

Technology is the  
**fastest growing**  
industry in the world

Chart of the Week

## THE LARGEST COMPANIES BY MARKET CAP

The oil barons have been replaced by the whiz kids of Silicon Valley



Top 5 Publicly Traded Companies (by Market Cap)



# The Big Question: Why?

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- Small market size?
- No local innovators?
- No profitable business models?
- No technology infrastructure?
- No good ideas?
- Are Malawians just unlucky?

# The Big Answer: Environment

**SORRY!** There is **NO SHORTAGE** of funds for technology entrepreneurs in Africa.

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# The Main Problem: Poor Environment

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## Isolated Technology Products

We have many powerful apps and systems, but most are working in isolation.

## Difficulty in Integrating with Platforms

No open APIs for big platforms like Mo626, Airtel Money, TNM Mpamba, MRA.

## Business Development Support for Tech Startups

The technology is only 10% of the solution. 90% is effort and reaching customers.

## Open Collaboration Ecosystem

How do we treat people who walk into our companies and want to collaborate?  
Evaluating opportunities from a monetary PoV only.

# Building the Ecosystem: Suggested Solutions



## People

- We all need to understand why this is important - so that we can care
- Understanding that everyone has a role to play and that we all stand to gain more if the ecosystem improves

## Institutions

- Industry leaders to release open APIs for their products, especially on mobile
- Mentorship opportunities, internships and training events as part of CSR
- Leveraging of networks to open doors for young innovators

# Building the Ecosystem: Suggested Solutions



## People

- Changing the mindset from data-driven decision making to vision-driven decision making
- Increase our appetite for risk as an industry. No risk, no reward

## Institutions

- C-Level staff need to better understand the implications of tech for their business
- Make investments in improving their internal environments to accommodate innovators

# Building the Ecosystem: Suggested Solutions



## Regulators

- Simplify regulations around mobile and networks. Interconnectivity is the key to unlocking scale
- Reduce the cost of licensing fees to encourage local innovators

## Government Agencies

- Channel funding to key industry stakeholders to implement projects
- Review and revise policy and legislation to match global best practices

# The Ecosystem is Already Developing!



## Examples from the local space

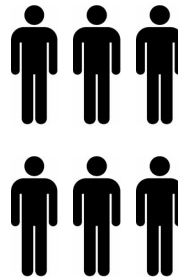
- UNICEF launched drone corridor, attracting companies from all over the world to innovate in Malawi
- mHub running competitions like the Graduate Pitch Challenge and the What Will You Do with 20 Million Kwacha competition fuels the speed of young innovators
- ICTAM National ICT Innovation Forum showcases products with potential from young innovators



# Where Should We Start?



Malawians with  
access to  
electricity - 1.8m



Malawians with  
access to  
mobile - 6.0m>

# The High Cost of Poor Ecosystems



## Citizens will be left behind

- \$11m backed microcredit provider wants to expand to Malawi but cannot because there are no open mobile money APIs
- \$1bn+ PAYG Solar industry relies on airtime/MM payments. Demand is very high in Malawi but hard to scale because of closed airtime systems.

## Innovators will not excel

- Entrepreneurs can only innovate as far as the environment allows. Impossible to innovate for a population group you cannot reach
- No meaningful impact will be made from local innovations unless they can scale

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